

Adaptive Management Program Summary of Decision Points, Including Program Examples

Introduction

This document is intended to serve as a guide for Council action on the Adaptive Management Program (AMP). The Council's decision on the AMP will involve several steps, beginning with decisions made at the April Council meeting and ending with final action at the June Council meeting.

This document can be separated into three parts, with the first part describing the decisions to be made on program features, the second part outlining the timing of these decisions, and the third part describing two example AMPs, which are intended to facilitate thinking about the subsequent decision-making steps in June. These example programs are intended for illustration purposes only, but can also be used to show how several decision points are interrelated.

As discussed in the Staff White Paper (Agenda Item F.5.a, Attachment 1), staff views AMP quota as a set aside from the shoreside trawl allocations of management unit optimum yields (OYs). The Council would establish this set aside during the biennial specifications process and it would amount to no more than 10 percent of the overall shoreside trawl sector allocation for each management unit. (As discussed in the Staff White Paper, identifying the set aside and deciding on the amounts to be distributed to AMP quota recipients would have to be timed with the overall harvest specifications process so that the remainder of the shoreside trawl sector allocation could be distributed to quota share (QS) holders along with any unused amount of the AMP set aside.) The AMP quota is only realized as quota pounds (QP) in vessel accounts. This does not mean, however, that individuals and entities other than vessel owners cannot participate in deciding how the quota will be used, but ultimately these decisions involve agreements with vessels about the disposition of quota to vessel accounts and its subsequent use.

Program Features

The outline below describes 11 program features which constitute decision points in designing the AMP. Readers may want to refer to the Staff White Paper for more information on the decisions summarized in the outline.

Program Feature 1: AMP goals and objectives. In developing the goals and objectives the Council could consider:

- 1) Will the AMP be proactive, reactive, or both?
- 2a) Will the AMP be used for truly unanticipated consequences, or
- 2b) Will it be used for a more specific purpose identified by the Council?

Examples:

- community protection
- processor stability
- environmental best practices
- facilitate new entry
- other purposes

Program Feature 2: AMP allocation process: To determine the allocation process the Council could consider:

- 1) AMP quota allocation is proposal driven
- 2) AMP quota allocation is formulaic
- 3) Combination (recipients selected based on proposals/application but quota distributed by formula)
- 4) Other process

Program Feature 3: Decision-making organizational structure. The decision structure and the allocation process (feature 2) are closely related program features. The Staff White Paper identifies and discusses the following arrangements for the institutions involved in deciding how AMP quota will be allocated:

- 1) State → Council → NMFS
- 2) State → NMFS
- 3) Council → NMFS
- 4) NMFS (proposal driven)
- 5) NMFS (formulaic)
- 6) Other structure?

Program Feature 4: Individuals and entities eligible to receive AMP quota. As noted above, ultimately AMP quota will be realized as deposits to vessel accounts. However, other types of individuals or entities could decide what vessels receive quota. Examples of eligibility criteria include involvement in the fishery, ties to fishing communities generally, or ties to specified communities. Eligibility requirements may be especially necessary under a formulaic allocation process (feature 2).

Program Feature 5: Accumulation limits for AMP quota. Presuming AMP quota is in the form of QP, the Council may want to consider whether to relax the vessel limits for holding AMP QP. This decision may be related to what types of entities are eligible to receive quota (feature 4).

Program Feature 6: The application process, including contents of applications, and standards for evaluating applications. If it is a proposal driven process, what standards are used to decide which applicants to “fund”?

Program Feature 7: AMP quota transferability. Will AMP quota be transferable? If transfers are allowed, will AMP quota have to be tracked separately from all other QP? This may also relate to the monitoring of AMP activities and quota use (feature 8)

Program Feature 8: Monitoring and evaluation of AMP activities and quota use. Project evaluation standards could be the same as those used for evaluating applications (feature 6). AMP quota recipients could be required to submit performance reports to facilitate evaluation.

Program Feature 9: State allocation of AMP quota. Should the Council establish fixed percentages for the amount of AMP quota used in each state or should they just be standards or objectives used in the program review process?

Program Feature 10: AMP quota duration. For how many years should quota be distributed to recipients before it is reallocated? Possible time periods include 1 year (duration of QP), 2 years (to coincide with biennial harvest specifications), or 5 years (to coincide with trawl rationalization program review).

Program Feature 11: Overall program review. Should there be periodic evaluation of the performance of the program as a whole? Should it be substantially based on evaluating program activities (feature 8) or use some other evaluation method? Should it be an opportunity to revise program goals and objectives (feature 1)? How often should this type of program review occur?

Decision Points

In terms of the Council decision process for developing the AMP the Council could specify options for any of the program features enumerated above (decision points)—to facilitate public input—and decide on program design covering all features as final action at the June 2009 Council meeting. Alternatively, the Council could just identify program features sequentially, deciding on some (broad-scale) features at the April Council meeting and deciding on the remaining features at the June Council meeting. It is also possible to proceed through some combination whereby options are specified for some program features while others are simply specified outright, similar to the approach taken in developing the alternatives for the trawl rationalization program as a whole.

At the April Council meeting, staff believes it is necessary for the Council to at least address the first three program features described above. Most important would be to specify goals and objectives for an AMP since this has implications for many other aspects of the program. Staff also recommends at the April meeting the Council work on the second two program features, which are also broad-scale aspects of program design. (These are determining the allocation process for awarding AMP quota and determining the organizational structure for the AMP among various agencies.) If the Council is able to decide on any of the other program features at the April meeting, this would facilitate presenting an analysis of possible program designs at the June Council meeting.

Based on Council guidance staff would then develop one or more program designs, incorporating any remaining program features that were not specified by the Council in April. The May 5-7 Groundfish Allocation Committee (GAC) meeting in Portland, Oregon, would be an opportunity for staff to get additional input on program design

issues; the GAC could also develop recommendations for Council final action at the June meeting.

Example Programs

To facilitate development of an AMP structure, staff has provided the following strawman program designs. These examples are formatted in a manner that resembles the list of decisions shown above. Staff does not intend these strawman examples to be seen as “alternatives” or “proposals”; rather they are hypothetical examples intended to illustrate possible decisions and the inter-relatedness of various program features.

Program Example 1

The goal of Example 1 is to provide for community stability. To the extent that processors are also a part of a community, this example is intended to help support processor activities by providing some additional sense of certainty. This certainty comes through the requirement that recipients land a specified amount (either as a proportion of their total landings or as a fixed amount) into one or more ports (specified as part of the application process) during the period for which they receive AMP quota. Since AMP quota is intended to act of an incentive to “leverage” continued landings into the port, the specified landing amount would be greater than the amount of AMP quota distributed. The landing amount would be established as part of the program (by the Council for example) rather than proposed by applicant.

AMP quota is distributed annually for a period of 5 years.

Example 1 is both proactive and reactive. It relies on the applicants to submit proposals. Those applicants may see a future need for AMP quota and submit an application, and in that way Example 1 would be proactive. However, applicants may also see a decline in fishing activity over time and submit a proposal to counter that effect and in this way Example 1 is reactive.

A basic qualification for applicants is that they must reside in or have substantial ties to a west coast fishing community (defined as any community where groundfish have been landed). At a minimum the applicant must be a groundfish harvester (own or control a vessel registered to a groundfish trawl permit) and a processor, but could be an entity composed of multiple harvesters/processors any other individuals or entities with substantial fishing community ties (other business entities, non-government organizations, local governments). Any such entity would have to demonstrate their legal and contractual existence as part of the application process.

Example 1 is also intended to recognize the limited resources available from various agencies for implementing such a program. This is achieved through a relatively formulaic organizational structure which requires little to no direct involvement by the state agencies and the Council, except to the degree that goals, objectives, and standards are originally specified and adopted by the Council. Applicants, instead, submit AMP applications directly to National Marine Fisheries Service (NMFS), and if those

applications meet the necessary standards, they are eligible to receive AMP quota. That AMP quota is awarded to applicants proportional to the most recent 3-year average landings of the vessel(s) included in that application.

This example also takes into account limited resources by not tracking AMP quota use or transfers. Instead, landings are tracked to ensure the amount landed in the nominated community is equal to or greater than the specified amount. QP transfers are not limited because the objective focuses on landings to a specified community.

Based on the need to achieve some community stability, accumulation limits are suspended for those applicants that receive AMP quota – to a degree. Vessels identified as part of an AMP application would be allowed to have amounts of quota in their account that are equal to or lesser than the sum of a) the accumulation limit plus b) the amount of QP allocated as part of the AMP award.

Those entities that receive AMP quota would be required to submit a program performance report prior to the end of the 5-year period. These reports would be used to evaluate the effectiveness of the program at the end of 5 years (coinciding with the trawl rationalization program review).

Program Example 2

Example 2 is intended to provide for “environmental best practices” through measures such as gear switching, gear modifications or research, area management, or other measures that may result in conservation benefits. Because the goal of this example implies that new techniques could be developed which are unforeseen at this stage, this example necessitates a proposal-driven process. This example is constructed in a manner that utilizes a State → Council → NMFS organizational process, which acknowledges language in the November 2008 motion stating “separate but parallel processes in each of the states.” Through this type of process, it is envisioned that each of the three west coast states would hold a public process designed to review and recommend specific proposals (including award amounts) to the Council. The Council then considers those state recommendations and submits the formal recommendation to NMFS for implementation. The Council would not consider proposals other than those forwarded by each of the states.

Because Example 2 relies on a proposal-driven process (rather than a formulaic process) the entities eligible to receive AMP quota can be specified more broadly. As such, those eligible to receive AMP quota under this example are more loosely defined and include entities which may not be formally engaged in fish harvesting and/or processing activities, but which may be indirectly associated with – or have interest in – the outcomes and performance of the fishery. Unlike Example 1, there would not be a requirement for ties to a fishing community but there would be a requirement to be tied to the shoreside groundfish trawl fishery as a whole.

In order to evaluate proposals within this example, the standards for AMP quota applications would presumably require that the applicant identify the goals of the project, the metrics used to identify whether the goals for the project are being met, and an identification of the vessels to be engaged if the application is “funded.” Other standards would undoubtedly be necessary, but these types of standards are provided for consideration and purposes of further future elaboration.

Under this example AMP quota could not be transferred except to the account of another vessel that is part of the entity receiving AMP quota (if the recipient is an organization including multiple vessels). A relatively simple ledger system would have to be established that ensures an applicant does not transfer more quota than the amount held prior to receiving AMP quota (details on this ledger system to come at a later date). AMP quota might have to be tracked in more detail if it is to be used for a very specific purpose that is only part of the overall activities of the recipient. (For example, if the recipient has proposed using the AMP quota specifically to test a new gear design but only planned to use this gear part of the time, some method would have to be developed to track how the use of AMP quota related to the gear testing.)

Since this example focuses on improvements to the fishery as a whole rather than community stability, the need for formally splitting AMP quota across the three west coast states does not appear to be as important as in Example 1. Therefore, no state-based split of AMP quota is specified; instead all of the state-recommended proposals for AMP quota would compete with each other, with a final recommendation by the Council for which applications would be funded. The end result could be that no proposals from one of the states would receive funding. However, as part of periodic program review, the distribution of AMP quota among the states would be evaluated and adjustments to the program made as necessary.

The submission of performance reports is also required in Example 2; however, those performance reports are intended to feed back into the proposal-driven application process. Those reports would be used, in part, to help determine if the future funding of a given application should be viewed favorably. If an entity were to submit a proposal for a different project than what has occurred in the past, then it is not envisioned that the performance reports for past projects would be used in the evaluation process for the new project.

Summary of the Program Examples by Program Feature

Program Feature	Example 1	Example 2
1. AMP goals and objectives	"Intended to facilitate community stability, of which processors are a part"	"Intended to encourage environmental best practice through means such as (but not limited to) gear switching, gear modifications/research, and area management"
2. Method for allocating AMP quota	Formulaic: Pro-rata distribution based on most recent 3 year vessel landings volume	Proposal-driven: Based on the amount requested in the proposal
3. Decision making organizational structure	NMFS (formulaic)	State → Council → NMFS
4. AMP quota eligibility	Must include: Processors, vessel owners Can include: Other businesses, community organization/agency, Port authority, or similar	Entities eligible must be substantially engaged or related to the fishery. Includes (but is not limited to) fishery NGOs, vessels, processors, public-private partnerships
5. AMP and accumulation limits (do acc. limits apply to AMP?)	Accumulation limits do not apply to AMP recipients	Accumulation limits do apply to AMP applicants/recipients
6. Application process and standards for AMP applicants	Applicants must submit proposals describing the applicant (including make-up and contractual details of entity), the port(s) to which landings would be made, and the amount(s) to be landed. 3-year landings history for participating vessels would be pulled from PacFIN. Specified landings must be made into stated community.	Applicants must submit proposals similar to COP 19, including a succinct description of goals, proposed activities, amount of AMP quota requested and evaluation metrics. Standards may include use of AMP for specific purpose, depending on proposal. Other standards TBD
7. AMP quota transferability	Transfers not limited	Not transferable outside of vessels included under receiving entity (ledger system set up to ensure AMP quota not transferred)
8. Monitoring and evaluation of AMP activities and quota use	Required to submit performance reports. Reports used in 5 year program review, but not for subsequent AMP allocation processes. Tracking of specific use of AMP quota not required beyond transfers and landings	Required to submit performance reports. Performance reports considered in subsequent AMP awards for the same purpose. Different applications are not influenced by performance report. Tracking specific uses of AMP quota may be required.
9. State allocations of AMP	33% / 33% / 33%	No state allocation – periodic evaluation of AMP quota distribution
10. AMP quota duration	5 years	2 years
11. Program review	Program review coincides with AMP quota duration (5 years) and is based directly on an assessment of the effect of the AMP on the distribution of landings coastwide	5-year program review based on a general assessment of activities in meeting overall goals and objectives of the AMP

PFMC

3/31/09

G:\PFMC\MEETING\2009\April\Groundfish\F5a_suppStaffRprt.doc